

Message Text

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PAGE 01 STATE 097365
ORIGIN EB-08

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TO AMEMBASSY ALGIERS

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E.O. 11652: N/A

TAGS: EINV, AG, FR

SUBJECT: NATIONALIZATION OF U.S. OWNED ASSETS

REFS: (A) ALGIERS 921; (B) 73 STATE A-10523; (C) 76
STATE 081280; (D) ALGIERS 1158

1. DEPARTMENT APPRECIATES EMBASSY'S REPORTING ALGERIAN
NATIONALIZATIONS AFFECTING FRENCH FIRMS WHICH ARE OWNED
BY U.S. CORPORATIONS.

2. DEGREE OF U.S. ASSISTANCE TO U.S. INVESTORS WHOSE
PROPERTIES HAVE BEEN NATIONALIZED AND WHO REQUEST ASSIST-
ANCE IS DETERMINED BY EXTENT AND SIGNIFICANCE OF U.S.
BENEFICIAL OWNERSHIP. IN SITUATION DESCRIBED REF A AND D
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PAGE 02 STATE 097365

USG WILL CONSIDER TAKING LEAD ROLE TO ASSIST COMPANY,
SINCE BENEFICIAL OWNERSHIP BY U.S. INVESTORS IS APPARENTLY
OVER 50 PERCENT. IN CASES WHERE U.S. INVESTOR OWNERSHIP
OF NATIONALIZED ASSETS IS LESS THAN 50 PERCENT, WE WOULD
FIRST COORDINATE WITH OTHER HOME GOVERNMENTS, PARTICULARLY
THE HOME GOVERNMENT OF INVESTORS OWNING MAJORITY INTEREST,
OR THAT IN WHICH THE DIRECT FOREIGN PARENT IS INCORPORATED,

AND DECIDE STRATEGY ACCORDINGLY.

3. FOR EMBASSY'S GENERAL BACKGROUND, SPECIFIC ACTIONS BY

USG ON BEHALF OF US INVESTORS ARE DISCUSSED IN REF B, WHICH REMAINS APPLICABLE. ALSO SEE REF C AND 10 FAM 311 AND 338. NOTWITHSTANDING REF B, EMBASSY SHOULD SEEK SPECIFIC DEPARTMENT INSTRUCTIONS AND GUIDANCE FOR ANY ACTION REQUESTED BY COMPANIES WHICH GOES BEYOND FACILITATIVE ASSISTANCE, E.G., ASSISTANCE IN ARRANGING MEETINGS, SEEKING LOCAL COUNSEL, SEEKING CLARIFICATION OF HOST GOVERNMENT LAWS, INTENTIONS, ETC.

4. IF YOU DISCUSS NATIONALIZATION WITH REPS OF U.S. OWNED FRENCH FIRMS, YOU SHOULD, TO EXTENT POSSIBLE, DETERMINE LEVEL OF U.S. INVESTOR OWNERSHIP IN ALGERIAN OPERATION IN QUESTION (I.E., IF ALGERIAN OPERATION IS WHOLLY OWNED, OR A JOINT VENTURE WITH GOA, ALGERIAN CITIZENS, OR OTHER FOREIGN INVESTORS), AND AS MUCH DETAILED INFORMATION AS POSSIBLE ON THE REASONS FOR NATIONALIZATION, ANY COMPANY CONTACTS WITH GOA ETC. DISCUSSION OF USG ASSISTANCE SHOULD BE IN TERMS OF REF B AND PARA 3 ABOVE. PLEASE REPORT ANY CONVERSATIONS YOU MAY HAVE WITH EITHER COMPANY OFFICERS OR GOA OFFICIALS.

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PAGE 03 STATE 097365

5. FURTHER ELABORATION OF GOA COMPENSATION PRACTICE AND MACHINERY WOULD BE HELPFUL, IN PARTICULAR, AVAILABILITY OF ADMINISTRATIVE OR JUDICIAL REVIEW OF UNILATERAL GOVERNMENT DETERMINATION OF AMOUNT OF COMPENSATION.

6. IN RESPONSE TO QUESTION RAISED PARA 3 REF D REGARDING NATIONALIZATION OF COLGATE-PALMOLIVE ALGERIAN OPERATION, COLGATE LAWYER IN NEW YORK INFORMED DEPARTMENT OFFICER APRIL 12 THAT MR. KESRI, ASSISTANT TO MINISTER OF LIGHT INDUSTRY ABDESSELAM, INFORMED COLGATE THIS WEEK THAT DESPITE NATIONALIZATION GOA STILL INTENDS TO PAY ONE MILLION FRENCH FRANCS (DOLS 200,000) INDEMNITY OFFERED EARLIER TO COLGATE, BUT NOT UNTIL PLANT INVENTORY IS COMPLETED. KESRI, HOWEVER, WOULD NOT RPT NOT GIVE ANY INDICATION AS TO WHEN THIS NEW CONDITION WOULD BE ACCOMPLISHED. WHILE NOT OPTIMISTIC ABOUT FINAL SETTLEMENT, COLGATE INTENDS TO PRESS ITS CLAIM BY SENDING REDRAFTED INDEMNIFICATION AGREEMENT, INCLUDING PROVISION FOR CONTROL OF SOME 700,000 EMPTY TUBES IN ALGERIA WITH COMPANY TRADEMARK. CHRISTOPHER

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